



**[BILLING CODE: 4810-033-P]**

**DEPARTMENT OF THE TREASURY**

**Office of the Comptroller of the Currency**

**Agency Information Collection Activities:**

**Revision of an Approved Information Collection; Comment Request;**

**Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act**

**AGENCY:** Office of the Comptroller of the Currency, Treasury (OCC).

**ACTION:** Notice and request for comment.

**SUMMARY:** The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on a revision to this information collection, as required by the Paperwork Reduction Act of 1995. An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. Currently, the OCC is soliciting comment concerning a revision to a regulatory reporting requirement for national banks and Federal savings associations titled, “Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of

\$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.”

**DATES:** Comments must be received by [INSERT 60 DAYS FROM DATE OF PUBLICATION IN FEDERAL REGISTER.]

**ADDRESSES:** Communications Division, Office of the Comptroller of the Currency, Mailstop 2-3, Attention: 1557-0319, 400 7<sup>th</sup> St., SW., Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov). You may personally inspect and photocopy comments at the OCC, 400 7<sup>th</sup> St., SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

**FOR FURTHER INFORMATION CONTACT:** You can request additional information from Johnny Vilela or Mary H. Gottlieb, OCC Clearance Officers, (202) 649-5490, for persons who are deaf or hard of hearing, TTY, (202) 649-5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7<sup>th</sup> St., SW., Washington, DC 20219. In addition, copies of the templates referenced in this notice can be found on the OCC’s Web site under News and Issuances (<http://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>).

**SUPPLEMENTARY INFORMATION:**

The OCC is requesting comment on the following revision to an approved information collection:

Title: Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OMB Control No.: 1557-0319.

Description: Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>1</sup> (Dodd-Frank Act) requires certain financial companies, including national banks and Federal savings associations, to conduct annual stress tests<sup>2</sup> and requires the primary financial regulatory agency<sup>3</sup> of those financial companies to issue regulations implementing the stress test requirements.<sup>4</sup> A national bank or Federal savings association is a “covered institution” and therefore subject to the stress test requirements if its total consolidated assets are more than \$10 billion. Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at such time, in such form, and containing such information as the primary financial regulatory agency may require.<sup>5</sup> On October 9, 2012, the OCC published in the *Federal Register* a final rule implementing the section 165(i)(2) annual stress test requirement.<sup>6</sup> This rule describes the reports and information collections required to meet the reporting requirements under section 165(i)(2). These information collections will be given confidential treatment (5 U.S.C. 552(b)(4)).

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<sup>1</sup> Pub. L. 111-203, 124 Stat. 1376, July 2010.

<sup>2</sup> 12 U.S.C. 5365(i)(2)(A).

<sup>3</sup> 12 U.S.C. 5301(12).

<sup>4</sup> 12 U.S.C. 5365(i)(2)(C).

<sup>5</sup> 12 U.S.C. 5365(i)(2)(B).

<sup>6</sup> 77 FR 61238 (October 9, 2012).

In 2012, the OCC first implemented the reporting templates referenced in the final rule. *See* 77 FR 49485 (August 16, 2012) and 77 FR 66663 (November 6, 2012). The OCC is now revising them as described below.

The OCC intends to use the data collected to assess the reasonableness of the stress test results of covered institutions and to provide forward-looking information to the OCC regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The OCC recognizes that many covered institutions with total consolidated assets of \$50 billion or more are required to submit reports using the Comprehensive Capital Analysis and Review (CCAR) reporting form FR Y-14A.<sup>7</sup> The OCC also recognizes the Board has a proposal to modify the FR Y-14A out for comment and, to the extent practical, the OCC will keep its reporting requirements consistent with the Board's FR Y-14A in order to minimize burden on covered institutions.<sup>8</sup> Therefore, the OCC is proposing to revise its reporting requirements to remain consistent with the Board's proposed FR Y-14A for covered institutions with total consolidated assets of \$50 billion or more. Furthermore, the OCC is proposing to revise the Scenario Schedule, which collects information on scenario variables beyond those provided by regulators. The purpose of this revision is to require further clarity on the definitions of the additional

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<sup>7</sup> <http://www.federalreserve.gov/reportforms>.

<sup>8</sup> 79 FR 41276 (July 15, 2014).

scenario variables as well as information on how the additional scenario variables are used by covered institutions.

### **Proposed Revisions to Reporting Templates for Institutions with \$50 Billion or More in Assets**

The proposed revisions to the DFAST-14A reporting templates consist of adding data items, deleting data items, redefining existing data items, and renumbering data items. These proposed changes would provide additional information to enhance the ability of the OCC to analyze the validity and integrity of firms' projections and increase consistency between the FR Y-14A reporting templates and DFAST-14A reporting templates. The OCC has conducted a thorough review of proposed changes and believes that the incremental burden of these changes is justified given the need for these data to properly conduct the OCC's supervisory responsibilities related to the stress testing.

### **Summary Schedule**

The OCC proposes making a number of changes to the Summary Schedule to better assess covered institutions' calculation of risk-weighted assets (RWA) and certain other items detailed below. Please note that all line item numbers referenced in this Notice refer to the existing reporting schedules, not the proposed reporting schedules. Because the proposed changes add and delete some data items, line-item numbering between the existing and proposed templates may be different (e.g., Income Statement item 125, Total Other Losses, in the existing reporting template is now item 124 in the proposed template).

*Revisions to Income Statement Worksheet.*

In order to accurately collect information for the Income Statement, the OCC proposes changing items 127 and 128 (Realized Gains/Losses on available-for-sale securities and held-to-maturity securities, including OTTI) to be reported items instead of being equal to the total amounts on the Securities OTTI by Portfolio worksheet. Additionally, for consistency with changes proposed to the Counterparty Risk Worksheet described below, items 59 and 62 (Trading Incremental Default Losses and Other CCR Losses) would be modified to be Trading Issuer Default Losses and CCR Losses, and line item 61 (Counterparty Incremental Default Losses) would be removed.

*Revisions to RWA and Capital Worksheets*

To better align the collection of regulatory capital components with the Board's FR Y-14A, the OCC proposes to modify the definitions of the items on the Capital – DFAST worksheet to refer to or mirror the definitions that appear on proposed revisions to the FR Y-14A. Respondents would be required to apply the appropriate transition provisions to all transition-affected items of the Capital – DFAST schedule consistent with revisions to regulatory capital rules. With regard to the RWA worksheets, the standardized approach RWA and market RWA items of the General RWA worksheet have been changed in accordance with proposed modifications to Schedule RC-R of the Call Report<sup>9</sup> and modifications to the FR Y-14A that are currently being considered, and moved to a separate worksheet (Standardized RWA). These changes include both the modification

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<sup>9</sup> 70 FR 35634 (June 23, 2014).

and addition of items, for an overall addition of 12 items. Additionally, the computed items one through five of the current Advanced RWA worksheet would be removed.

#### *Revisions to Retail Repurchase Worksheet*

Due to recent activity by respondents involving settlements related to their representation and warranty (R&W) liabilities related to residential mortgages, the OCC proposes to collect additional detail about the R&W liabilities. Specifically, line items would be added that collect the unpaid principal balance (UPB) of loans covered by completed settlements for which liability remains and for which no liability remains by vintage beginning with 2004, as well as total settlement across vintages, for the following categories of loans: loans sold to Fannie Mae, loans sold to Freddie Mac, loans insured by the U.S. government, loans securitized with monoline insurance, loans secured without monoline insurance, and whole loans sold.

#### *Revisions to Securities Worksheets*

Because covered bonds have unique characteristics relative to other asset categories currently on this worksheet, the OCC would add a covered bond category to the Securities worksheets to appropriately and separately evaluate respondents' projections of these assets. Additionally, two columns would be added to collect information for the Securities AFS OCI by Portfolio worksheet that would allow changes in market value to be distinguished from changes in portfolio allocation for each projected quarter: Beginning Fair Market Value and Fair Value Rate of Change, which is the weighted average percent change in fair value over the quarter. Finally, to reduce reporting burden

and increase efficiency in reporting, the nine sub-asset categories of Domestic Non-Agency Residential Mortgage-Backed Securities (RMBS) would be removed from the same worksheet, and the available-for-sale and held-to-maturity portions of the Securities OTTI by Portfolio worksheet would be combined with the addition of a column to identify AFS amounts versus HTM amounts.

#### *Revisions to Trading Worksheet*

Because credit valuation adjustment (CVA) losses are modeled separately from trading portfolio losses, the OCC proposes that the profit (loss) amount related to CVA hedges be reported separately from other trading activity.

#### *Revisions to Counterparty Risk Worksheet*

To allow respondents to use alternative methodologies for estimating losses related to the default of issuers and counterparties, the requirement of using the incremental default risk (IDR) methodology would be removed. Accordingly, line items 1, 1a and 1b (Trading Incremental Default Losses, Trading Incremental Default Losses from securitized products, and Trading Incremental Default Losses from other credit sensitive instruments) would be modified to be Issuer Default Losses. Additionally, line items 3 (Counterparty Incremental Default Losses) and 3a (Impact of CCR IDR Hedges) would be removed, line item 4 (Other CCR Losses) would be modified to be CCR Losses, and the line item Effect of CCR Hedges would be added.

### **Regulatory Capital Instruments Schedule**



Proposed changes to the Regulatory Capital Instruments schedule would be consistent with proposed changes to the FR Y-14A. Specifically, the OCC proposes (1) adding an item that collects employee stock compensation to the four quarterly redemption/repurchase and issuance activity sub-sections; (2) adding 18 items to the general risk-based capital rules section and 28 items to the revised regulatory capital section; and (3) changing the capital balance items in the general risk-based capital rules section and the revised regulatory capital section from reported items to formulas to permit the capital balance items to be automatically computed using the proposed items.

### **Regulatory Capital Transitions Schedule**

Similar to the changes proposed to be made to the RWA and Capital worksheets of the Summary schedule, proposed changes to the Regulatory Capital Transitions schedule would be made to better align the collection of regulatory capital components with proposed revisions to the FR Y-14A and proposed revisions to Schedule RC-R of the Call Report. The OCC proposes (1) aligning the definitions of the items on the Capital Composition worksheet to be consistent with the FR Y-14A; (2) modifying the RWA General worksheet to align with proposed revisions to the FR Y-14A, including changing the name to Standardized RWA and modifying, removing and adding items for a net increase of 15 items; (3) modifying, adding and removing items on the Advanced RWA worksheet to align with the Advanced RWA worksheet on the Summary schedule, for a net increase of 21 items; and (4) revising the Leverage Exposure worksheet in accordance with proposed changes to the supplementary leverage requirement, for a net increase of ten items.

## **Counterparty Credit Risk Schedule**

Significant additions would be made to the CCR schedule to more adequately and accurately capture exposure information related to derivatives and securities financing transactions (SFTs) used in supervisory loss estimates and supervisory activities. These additions would remediate deficiencies discovered in the current collection related to exposure, including a lack of information regarding collateral, asset types, and total exposure to a given counterparty.

The OCC proposes (1) adding a worksheet that collects the derivative exposures at a legal-entity netting-agreement level for the top 25 non-central clearing counterparty (non-CCP) and non-G-7 counterparties, as well as all CCPs and the G-7 counterparties that includes a breakout of collateral into cash and non-cash, and exposures into 14 asset categories; (2) changing the current SFT sub-schedule to collect exposures and collateral separately at a counterparty legal-entity netting-agreement level for the top 25 non-CCP and non-G-7 counterparties as well as all CCPs and the G-7 counterparties and adding asset sub-categories for a total of 30 specific asset types; (3) removing all columns with the bank specification of margin period of risk (MPOR) under the global market shocks from worksheets 1(a)-1(e); (4) removing the column LGD Derived from Unstressed PD on the EE profile by CP worksheet; and (5) adding columns to worksheet 1(e) to collect both gross and net stressed and unstressed current exposure to CCPs.

## **Scenario Schedule**

Additional scenario variables, which are collected on this schedule, are key drivers in projection methodologies. The OCC is proposing to revise the Scenario Schedule to further clarify the definitions of the additional scenario variables as well as to gather further information on how the additional scenario variables are used by covered institutions. It is expected that this additional clarity and information will assist in comparing information in this schedule across covered institutions.

The OCC proposes (1) providing additional guidance on the syntax for naming additional scenario variables to increase the comparability of additional scenario variables across covered institutions; (2) adding a column to explicitly capture the “unit of measure” of the additional scenario variables, e.g., basis points, percentages, dollars; (3) adding a column to explicitly capture the frequency of the variable, e.g., monthly or 3-month average; and (4) adding multiple columns to understand where the additional scenario variables are used in modeling. These last additional columns align with the methodology documentation framework described in Appendix A of the instructions.

### **Technical Changes**

The proposed revised templates also contain various technical and reference changes.

Type of Review: Revision.

Affected Public: Businesses or other for-profit.

Estimated Number of Respondents: 23.

Estimated Total Annual Burden: 16,466 hours.

The OCC recognizes that the Board has estimated 67,848 hours for bank holding companies to prepare the reporting schedules submitted for the FR Y-14A. The OCC believes that the systems the covered institutions use to prepare the FR Y-14A reporting schedules will also be used to prepare the reporting schedules described in this notice. Comments submitted in response to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record.

Comments are invited on:

- (a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

- (b) The accuracy of the OCC's estimate of the burden of the collection of information;

- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;

- (d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

- (e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

[THIS SIGNATURE PAGE RELATING TO A NOTICE ENTITLED “AGENCY INFORMATION COLLECTION ACTIVITIES: REVISION OF AN APPROVED INFORMATION COLLECTION; COMMENT REQUEST; COMPANY-RUN ANNUAL STRESS TEST REPORTING TEMPLATE AND DOCUMENTATION FOR COVERED INSTITUTIONS WITH TOTAL CONSOLIDATED ASSETS OF \$50 BILLION OR MORE UNDER THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT”]

Dated: September 4, 2014.

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Stuart Feldstein,  
Director, Legislative and Regulatory Activities Division.

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